

Message Text

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ORIGIN EB-08

INFO OCT-01 EA-10 NEA-10 ISO-00 AID-05 AGRE-00 L-03
H-01 CIAE-00 INR-07 NSAE-00 COME-00 OMB-01 TRSE-00
ABF-01 FS-01 CU-04 IGA-02 /054 R

DRAFTED BY EB/OF/FFD-CRCAVANAUGH/LW
APPROVED BY EB/OF/FFD-RMOGDEN
USDA/OGSM-HNORTON
AID/FFP-AMERCKER
EA/EP-DMCCONVILLE
NEA/PAB-PMULLIGAN
ASIA/PN-DLEVINTOW

-----099279 051806Z /53

P R 051500Z NOV 77
FM SECSTATE WASHDC
TO AMEMBASSY KUALA LUMPUR PRIORITY
AMEMBASSY JAKARTA PRIORITY
AMEMBASSY SINGAPORE PRIORITY
INFO AMEMBASSY ISLAMABAD

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E.O. 11652: N/A

TAGS: EAID, EAGR, PK

SUBJECT:PROPOSED PL 480 TITLE I SALES OF EDIBLE VEGETABLE
OIL TO PAKISTAN

1. USG IS PLANNING TO PROVIDE 80,000 METRIC TONS OF SOYBEAN
OIL VALUED AT DOLS. 37 MILLION TO PAKISTAN DURING U.S. FIS-
CAL YEAR 1978 UNDER PL 480 TITLE I. THIS MEETS ONLY PART
OF OVER 225,000MT OF EDIBLE OILS PAKISTAN HAS REQUESTED
DONOR NATIONS PROVIDE ON A CONCESSIONAL BASIS THIS YEAR.
FYI. WE UNDERSTAND GOP HAS INITIATED NEGOTIATIONS WITH
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PALM OIL SUPPLIERS FOR NEW PURCHASES OF PALM OIL. BECAUSE
OF SERIOUS GOP BALANCE OF PAYMENTS PROBLEMS, VERY FAVORABLE
PRICES ARE BEING SOUGHT. END FYI.

2. OIL WILL BE PROVIDED ON CONVERTIBLE LOCAL CURRENCY CREDIT
TERMS WITH FIVE PERCENT INITIAL PAYMENT. BALANCE WILL BE
PAYABLE IN 31 APPROXIMATELY EQUAL ANNUAL INSTALLMENTS,

FOLLOWING TEN-YEAR GRACE PERIOD. EXPORTS BY PAKISTAN OF ANY EDIBLE VEGETABLE OILS OR OIL BEARING SEEDS WILL BE PROHIBITED DURING SUPPLY PERIOD.

3. PROPOSED USUAL MARKETING REQUIREMENT FOR VEGETABLE OIL FOR EDIBLE USES IS 145,000 METRIC TONS (LAST YEAR'S UMR WAS 128,000 MT) OF WHICH AT LEAST 45,000 TONS MUST BE PURCHASED IN THE UNITED STATES. UMR BASED ON FOLLOWING DATA SHOWING PAKISTAN EDIBLE VEGETABLE OIL COMMERCIAL IMPORTS. TOTAL GOP COMMERCIAL IMPORTS ARE NORMALLY HIGHER TO COVER INDUSTRIAL AND OTHER NON-EDIBLE USES; (E.G., AS SUBSTITUTE FOR TALLOW IN MAKING SOAP). U.S. SOYBEAN OIL IS USED SOLELY FOR HUMAN CONSUMPTION, IN PARTICULAR IN THE MANUFACTURE OF VANASPATHI (VEGETABLE GHEE); THUS IT WOULD NOT BE IN COMPETITION WITH THAT PORTION OF PALM OIL NORMALLY IMPORTED FOR USE IN THE INDUSTRIAL SECTOR.

PAKISTAN: COMMERCIAL VEGETABLE OIL IMPORTS FOR EDIBLE USES (JULY/JUNE YEARS; IN 1,000 METRIC TONS)

	1972	1973	1974	1975	1976	1977
SOYBEAN OIL						
BRAZIL	50	5	0	4	29	0
U.S.	34	23	55	9	90	54
OTHER	0	0	1	11	0	0
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PALM OIL						
INDONESIA	3	6	46	79	77	91
MALAYSIA	0	5	31	50	33	57

OTHER VEGOILS	2	4	3	20	0	0
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TOTALS	89	43	136	173	229	202
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ESTIMATED

4. AS NOTED EARLIER, PAKISTAN DOMESTIC PRODUCTION OF EDIBLE OIL IS UNABLE TO KEEP PACE WITH INCREASING INTERNAL DEMAND. WE BELIEVE THIS GAP BETWEEN PRODUCTION AND DEMAND WILL CONTINUE TO GROW OVER THE NEXT SEVERAL YEARS, AND THAT IT WILL BE NECESSARY TO MEET THIS GAP THROUGH BOTH COMMERCIAL AND CONCESSIONAL FINANCING. PAKISTAN RANKS AS ONE OF THE POOREST OF THE DEVELOPING COUNTRIES, WITH A BALANCE OF PAYMENTS SITUATION THAT REMAINS CRITICAL. ITS DEVELOPMENT NEEDS CONTINUE TO DWARF AVAILABLE DOMESTIC AND EXTERNAL RESOURCES, ALTHOUGH ABOUT DOLS 600 MILLION OF AID IS PROVIDED ANNUALLY BY

THE AID TO PAKISTAN CONSORTIUM. SEVERAL OF THE CONSORTIUM MEMBERS PROVIDE PART OF THEIR ASSISTANCE IN GRAINS AND EDIBLE OILS.

5. COMMENTS ON THIS PROPOSED PROGRAM ARE REQUESTED NO LATER THAN MONDAY, NOVEMBER 21. CHRISTOPHER

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Message Attributes

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Current Classification: UNCLASSIFIED
Concepts: SALES, VEGETABLE OILS
Control Number: n/a
Copy: SINGLE
Sent Date: 05-Nov-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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Disposition Remarks:
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TAGS: EAID, EAGR, EPAP, PK
To: KUALA LUMPUR JAKARTA MULTIPLE
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